

Grafton Telephone Company
Illinois Universal Service Funding Calculation
Based upon ICC Form 23A Report Data for December 31, 2000

<u>Line #</u>	<u>Description</u>	<u>Source</u>	<u>Amount</u>	<u>Adjustment</u>	<u>Adjusted Amount</u>
1	Net Regulated Plant	Form 23A, P 8, Net Plant	\$ 2,226,421	\$ 222,297	\$ 2,448,718
2	Materials and Supplies Inventory	Page 2, 13-Month Average	48,525		48,525
3	Customer Deposits	Form 23A, P 8, 4040	1,314	-	1,314
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	1,233	(58,082)	(56,849)
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			2,552,778
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 14, Total	906,379	-	906,379
8	Less: Depreciation Expense	Form 23A, P 13, 6560	287,257	-	287,257
9	Total WC Operating Expense	line 7 - line 8	619,122	-	619,122
10	WC OE Requirement	line 9 * 45 / 360			77,390
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			77,390
13	Total Rate Base	line 5 + line 12			2,630,168
14	Total Operating Revenues	Form 23A, P 11, Total	1,384,041	-	1,384,041
15	Less: Illinois High Cost Fund		208,440	-	208,440
16	Net Operating Revenues	line 14 - line 15	1,175,601	-	1,175,601
17	Total Operating Expenses	Form 23A, P 14, Total	906,379	-	906,379
18	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 15, 7240	11,370	-	11,370
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	257,852	-	257,852
21	Income Tax Expense	line 34			99,889
22	Net Operating Income	line 20 - line 21			157,963
23	Return on Rate Base	line 22 / line 13			6.01%
24	After-tax Cost of Capital				11.21%
25	Target Net Operating Income	line 24 * line 13			294,842
26	Adj to Achieve Target Return on RB	line 25 - line 22			136,879
27	Gross Revenue Conversion Factor	line 35			1.6324
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			223,441
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			257,852
31	Illinois Inc & Rep Tax Expense	line 30 * 7.18%			18,514
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			239,338
33	Federal Income Tax Expense	line 32 * 34.00%			81,375
34	Total Imputed Income Tax Expense	line 31 + line 33			99,889
35	Gross Revenue Conversion Factor	1 / ((1 - .0718) * (1 - .34))			1.6324

Grafton Telephone Company
Illinois Universal Service Funding Calculation
Based upon ICC Form 23A Report Data for December 31, 2000
Material & Supplies Worksheet and Other Information

Line #

1	December-99	\$47,023
2	January-00	\$52,603
3	February-00	\$52,603
4	March-00	\$54,680
5	April-00	\$55,201
6	May-00	\$55,201
7	June-00	\$41,474
8	July-00	\$42,926
9	August-00	\$47,338
10	September-00	\$47,338
11	October-00	\$47,338
12	November-00	\$47,338
13	December-00	\$39,758
14	13 Month Average	\$48,525

Sale/Lease Back Arrangement

☒

The company does not have any sale(s)/lease back arrangement.

☐

The company does have sale(s)/lease back arrangement and has provided additional information to staff.

Lease Agreement with Affiliates

☒

The company does not have any lease agreements with affiliates.

☐

The company does have lease agreements with affiliates and has provided additional information to staff.

Trial Balances

The Company has provided a copy of its 12/31/2000 trial balance in support of the attached exhibits.

Grafton Telephone Company
Illinois Universal Service Funding Calculation
Based upon ICC Form 23A Report Data for December 31, 2000
Operating Revenues By Category

<u>Line #</u>		<u>Source</u>	<u>Amount</u>
		Form 23A, P 10, Total Local	
1	Local Revenues	Network Service Revenues	\$ 100,241
2	State Subscriber Line Charges	Trial Balance 12/31/00	\$ 126,880
3	State Access Revenues	Trial Balance 12/31/00	\$ 192,567
4	State High Cost Support	Exhibit X, Line 15	\$ 208,440
5	State Special Access Revenues	Trial Balance 12/31/00	\$ 23,466
6	Total State Access & Local Revenues	Sum (Ln 1 - 5)	\$ 651,594
7	Federal Subscriber Lines Charges	Trial Balance 12/31/00	\$ 40,272
8	Federal Access Revenues	Trial Balance 12/31/00	\$ 230,674
9	Federal High Cost Support	Trial Balance 12/31/00	\$ 364,628
10	Federal Special Access Revenues	Trial Balance 12/31/00	\$ 15,584
11	Total Federal Access Revenues	Sum (Ln 7 - 10)	\$ 651,158
12	Misc Revenues	Trial Balance 12/31/00	\$ 81,289
13	Total Operating Revenues	Ln 6 + Ln 11 + Ln 12	<u>\$ 1,384,041</u>

Grafton Telephone Company
Summary of Adjustments

Adjustment 1	Dr.	Cr.
--------------	-----	-----

RTB Stock	16,100	
-----------	--------	--

To record RTB Class B stock in rate base.

Adjustment 4

To record Nortel Networks contract dated June 6, 2000 for switching equipment replacement.

Contract amount - detail attached	\$458,929	
-----------------------------------	-----------	--

Amount paid during 2000 and included in account 2003 at 12/31/2000	<u>252,732</u>	
---	----------------	--

		206,197
--	--	---------

Other Adjustments

Deferred Tax Asset	55,616	
--------------------	--------	--

To reverse out the deferred tax amount in account 4340 relating to investment tax credits that is eliminated by the debit balance in account 4360 and to record the deferred tax asset due to book depreciation being greater than tax depreciation. Amounts are recorded in accounts 1410.50 and 1410.55 in the detailed trial balance and are included in the amount shown for account 1410 on page 5 of the 2000 Annual Report.